

THE WORKING POOR FAMILIES PROJECT

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STRENGTHENING WORKPLACE EDUCATION PROGRAM POLICIES TO ENABLE LOW-WAGE WORKERS' ADVANCEMENT

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THE WORKING POOR FAMILIES PROJECT

Strengthening State Policies for
America's Working Poor

Millions of American breadwinners work hard to support their families. But, despite their determination and effort, many are mired in low-wage jobs that provide inadequate benefits and offer few opportunities for advancement. In fact, nearly one in three American working families now earn wages so low that they have difficulty surviving financially.²

Launched in 2002 and currently supported by the Annie E. Casey, Ford, Joyce, and Mott foundations, the Working Poor Families Project is a national initiative that works to improve these economic conditions. The project partners with state nonprofit organizations and supports their policy efforts to better prepare America's working families for a more secure economic future.

For more information:
www.workingpoorfamilies.org

INTRODUCTION

The importance of helping, low-skilled workers obtain additional skills and education that lead to higher paying jobs and greater family income is well documented.³ Workplace education is one promising approach that now receives insufficient attention. This approach is designed to build incumbent workers' basic reading, writing, math, or English language skills and is often connected to the actual job skills needed by the employers and/or unions who sponsor them.⁴

Although employers are still recovering from the Great Recession, they remain in need of skilled workers to be competitive.⁵ Lower-wage workers could fill many of these jobs if they could access training that facilitates advancement.⁶ However, many low-wage workers lack the basic skills, time, and resources needed to take advantage of training opportunities.⁷

Workplace education programs, particularly those that help individuals build basic skills, were popular between 1989 and 2004 thanks to the U.S. Department of Education's \$130 million investment in the National Workplace Literacy Program (NWLP).⁸ Today, however, these programs have lost prominence as federal and state budgets for workforce and adult basic education have dwindled. Nevertheless, states need to focus more attention on workplace education programs (also referred to as workplace literacy or workplace learning⁹ programs). Such programs use public-private partnerships to address the needs of employers, local and state economies, and low-skilled workers and their families.

The **Working Poor Families Project** promotes state policies to help low-wage workers advance. The importance of workforce

education programs was documented in its 2007 report, *Strengthening State Policies to Increase the Education and Skills of Low-Wage Workers*.¹⁰ The 2007 report is updated with this policy brief, which delves more deeply into workplace education programs. It revisits a few programs covered in the 2007 report, and highlights other programs that improve basic skills, literacy and English language skills. It also outlines state policy issues that must be addressed to reinvigorate attention to this strategy and to produce effective results for workers and employers alike.

THE NEED TO BUILD BASIC SKILLS OF INCUMBENT WORKERS

Low-skilled individuals have been the most vulnerable segment of the population during both the recession and recovery, according to the Urban Institute. In fact, researchers report: “The recovery has a long way to go before employment of low-skill workers comes close to reaching pre-recession levels, and the consequences of the drop in employment are likely to be far reaching and long lasting.”¹¹ For low-skilled individuals who have held on to their jobs, literacy proficiency is likely a strong contributor to their continued employment, and their ability to access higher paying jobs. In a number of studies from the National Assessment of Adult Literacy (NAAL) that examine data over several decades, adults with more education and literacy “fare better than their peers on a wide array of labor market outcomes, including employment, access to more highly skilled and highly paid occupations, access to training from their employers, weekly and annual earnings, lifetime earnings and incomes.”¹²

The importance of literacy skills is further highlighted in a 2010 study completed by the American Institutes on Research (AIR) examined the 2003 data collected from the NAAL. It concludes that literacy deficiencies are a critical barrier that prevents workers in declining occupations from adapting to the demands of high-growth occupations.¹³

Perhaps even more telling are findings from another 2010 AIR report examining the same 2003

NAAL data: *Building Career Ladders for the Working Poor through Literacy Training*. Researchers found that “the greatest distinction between the working poor and other workers is their literacy levels.”¹⁴ In comparing the average literacy levels of the working poor “with the literacy requirements of 50 selected high-growth jobs—jobs that could lift the working poor to the status of other workers—literacy gaps were found, particularly in quantitative literacy.”¹⁵ They also reported that “a number of occupations require only modest investments in literacy improvement to be within reach of the average member of the working poor.”¹⁶

One might question the availability of opportunities for advancement given the current high unemployment rates, but employers are increasingly concerned about a shortage of skilled workers. In fact, the National Skills Coalition, which has collected data on the middle-skill jobs in a number of states, claims that key industries cannot find enough trained workers to fill these jobs—those requiring more than high-school diploma, but less than a four-year degree. The Coalition also reports that middle-skill jobs make up the largest part of America’s labor market and failure to fill these jobs hinders job creation and economic growth.¹⁷

The case for increasing the education levels and skills of the workforce is accentuated by examining the patterns related to the demand and supply of educated workers since 1915. In the well-documented report, *The Undereducated American*,¹⁸ researchers demonstrate that from 1915 to 1980 the supply and demand for skilled workers was in alignment. However, since 1990 the demand for skilled workers has outstripped the supply, contributing to both growth in income inequality and reduction in workplace productivity. To reverse these trends, the authors argue that we will have to add 20 million individuals with post-secondary education to the workforce by 2025. This change will not be possible if we do not also increase the basic skills of the emerging and incumbent workforce.

The need has never been greater to strengthen state policies that support effective training

programs for low-skilled workers. The Center on Education and the Workforce suggests we can add \$400 billion to the economy by doing so.¹⁹ While most states allocate combinations of state revenues and federal funds to support worker training, both the level of funding and the way it is used are inadequate to give low-skilled individuals access to the higher wage jobs.

For example, a 2007 report published by the National Commission on Adult Literacy,²⁰ reveals that the number of low-income adults exiting Workforce Investment Act (WIA) Title I job training programs decreased from 97 percent to 53.7 percent between 1998 and 2007. Adult Basic Education (ABE) and English as a Second Language (ESL) instruction are allowable WIA training activities when combined with other types of training. However, in program year 2005, only 3.6 percent of exiters from the WIA Title I Adult program received ABE or ESL along with other types of training. Also, from April 2004 to March 2005, less than one percent of program exiters who received intensive or training services were co-enrolled with adult education programs.

SINCE 73 PERCENT OF ALL LOW-INCOME FAMILIES ARE WORKING, INVESTING IN BASIC SKILLS, LITERACY OR ESL TRAINING IN THE CONTEXT OF WORK IS AN IMPORTANT CHOICE STATES CAN MAKE.

In addition, although WIA Title II funds support adult education (basic skill development, GED instruction, literacy, ESL and workplace literacy), the number of individuals who might benefit from participating in these programs far exceeds the available funding. For example, according to a 2007 Working Poor Families Project report, *Strengthening Adult Education for Low-Income Workers*, only 10 percent of a potentially eligible 25 million adults with less than a high school education were enrolled in and served by the federally

supported adult education system²¹ in 2004-05. Resources to address this need have certainly not increased since the 2007 report was written.

Even if public training funds were adequate to provide more basic skills training for low-income individuals in WIA Title I or II programs, working poor individuals are often unable to participate because programs are typically offered during work hours, and they are frequently overwhelmed managing their families and personal lives during non-work hours. Moreover, since 73 percent of all low-income families are working,²² investing in basic skills, literacy or ESL training in the context of work is an important choice states can make both to help employers meet critical skills shortages and to enable the working poor to advance.

THE CASE FOR WORKPLACE EDUCATION

Evidence suggests that building basic skills connected to actual jobs benefits both employers and their workers. Recognizing that individuals are more likely to increase their reading, writing, math, and English language skills when they understand the real world applications, researchers have been studying what is called functional content literacy development for decades. Research funded by the U.S. military supported the potential for improving the basic skills of underprepared personnel using the content and situations of the workplace. These findings contributed to the U.S. Department of Education Office of Vocational Education's decision to launch the National Workplace Literacy Program (NWLP) in 1989.²³

Mathematica Policy Research's evaluation of five NWLP programs in 1998 used a random assignment design and found "that when appropriately implemented, workplace literacy programs can have short-term impacts on workers of a fairly broad scale. These outcomes range from literacy-related behavior at home to performance on the job."²⁴ Although impacts were uneven across sites, researchers reported that the site with the strongest and most impacts also demonstrated some promising factors, one of which was

“emphasis on employee’s advancement to jobs better than their current job.”²⁵ Another evaluation of 10 manufacturing plants in Chicago participating in an NWLP project revealed that participants improved their job-related basic skills; productivity in reduction of wastage and errors; morale and confidence on the job, at home and in the community; and contributed to the organizational effectiveness of the company.²⁶

Employers also see the value of workplace literacy programs. The Conference Board, a global business membership and non-profit research organization, conducted more than 100 interviews with employers, employees and union representatives. They represented a range of economic sectors in 40 workplaces that had literacy programs funded by the NWLP from 1995 to 1998. Findings of their report, *Turning Skills Into Profit: Economic Benefits of Workplace Education Programs*, indicated that these workplace education programs “help employees increase fundamental skills such as reading and math, and also engender positive attitudes such as taking pride in their work and embracing change.”²⁷ Moreover, the Conference Board found that employers experienced “increased profits and other bottom-line benefits when employees increase basic skills which enable them to work more effectively.”²⁸

Unless states take action, the skills shortage will continue to grow as many baby boomers retire; advances in technology require increased basic, technical and critical thinking skills, even in entry level jobs; and immigrants who aren’t proficient in English continue to make up a significant portion of the labor market. Unfortunately, employers are more likely to provide training for workers with a bachelor’s degree or more, and less likely to provide training to those with a high school diploma or less.²⁹ In a recent address to the Committee for Economic Development, the President of the Lumina Foundation urged employers to get more involved with education, not only by advocating and supporting efforts to increase and improve participation in higher education, but also to “think more creatively about what it means for your firm to become known and recognized as an ‘education-friendly workplace’.”³⁰

Given that employers are not adequately training their lower skilled workers, states should consider adopting policies that help incumbent workers build basic skills and promote greater access to postsecondary education. The alternative is growing numbers of unemployable individuals with low basic skills—a result that could make economic recovery even more complicated than it is now.

STATES CONTINUE TO FIND VALUE IN WORKPLACE EDUCATION PROGRAMS

Despite challenging fiscal constraints at the federal and state levels, several states continue to operate workplace education programs that are designed to advance workers’ basic skills and support employers who invest in workers with low skills. When well implemented and adequately funded, these programs can improve workers’ job performance by improving their workplace literacy and numeracy skills using work-related instruction and materials.

In 2007, the National Commission on Adult Literacy (NCAL) published a report describing the efforts of 20 states with substantial workplace education programs, defined as: “contextualized basic skills instructional programs for incumbent workers and work-based pre-employment or employability programs often developed in partnership with employers, trade associations, unions and economic development organizations.”³¹ Ten states were also identified as having comprehensive systems to implement these kinds of programs. These states met criteria such as providing statewide services, collaborating with partners, dedicating one or more staff positions to workplace education, having program or instructor certification standards, certifying skills attained by learners, providing state leadership to local programs, and promoting program improvement and development.

FUNDING OPPORTUNITIES FOR WORKPLACE EDUCATION PROGRAMS

Because the federal government no longer specifically supports workplace education programs, state and local funding is critical.

Fortunately, a handful of states still recognize the need to fund workplace education programs. They do so by using resources such as WIA Title I and II funding, state discretionary funding, and unemployment insurance surcharges. Approaches, regulations, and funding levels vary, but given the cutbacks that many states have experienced during these tough economic times, funding for these efforts appears to be fairly stable.

- ♦ *California and New Jersey* use surcharges on the unemployment insurance system to fund basic skills training for incumbent workers. Although core funding for California's Employment Training Panel (ETP) has fluctuated somewhat over the last three years, it still remains substantial: \$20.5 million in 2009-10, \$34.5 million in 2010-11, and \$23 million in 2011-12. The New Jersey Department of Labor and Workforce Development projects that in fiscal year 2012, \$5.9 million will be available for the Supplemental Workforce Fund for Basic Skills.
- ♦ *Massachusetts* combined funds from several sources for a \$2 million Learn at Work initiative, which is supporting programs over a three-year period from 2009 to 2012. These sources are: WIA Adult Title II (\$625,000 of state match funding from the Department of Elementary and Secondary Education) and Executive Office of Labor and Workforce Development (EOLWD); discretionary funding from WIA Title I (\$600,000); and American Reinvestment and Recovery Act (\$775,000). Massachusetts also has a Workforce Training Fund derived from unemployment insurance taxes (about \$4.3 million in Fiscal Year 2010), administered through the EOLWD. Employers, employer organizations, labor organizations, or a consortium of such entities can apply for these funds for basic skills training of incumbent workers.
- ♦ The *Arkansas'* Adult Education Department appropriated \$18,253,000 of state funds for adult education programming. This funding supports both standard ABE programs and

projects to work with employers to build the basic skills of incumbent and unemployed workers. This latter effort is known as the Workforce Alliance for Growth in the Economy (WAGE™) program and it essentially operates as a workplace education program.

EXAMPLES OF STATE WORKPLACE EDUCATION PROGRAMS

While historically it has been difficult for employers to commit to training their least skilled workers, Arkansas, California, Massachusetts, and New Jersey have continued to support basic skills and literacy training for incumbent workers. This type of training may represent the only option many working poor have to increase their skills and advance in the workplace. Importantly, each of these states has the potential to connect their workforce education programs to postsecondary programs. Although their regulations differ, three of the four states require employers to match funding, and all of the states allow employers to contract with providers in the workforce system to deliver training.

Each state also collects data on the outcomes of workforce education programs, however the types of outcomes vary considerably across states. Overall, these states' policies, program design, and funding of workplace education seem well structured. With additional marketing, coordination, and evaluation of outcomes, they could be strengthened so greater numbers of employers and low-wage workers could take advantage of such crucial opportunities.

NEW JERSEY'S LITERACY SKILLS GRANTS

New Jersey has funded workplace education since the 1990s when the legislature passed a package of laws to develop the workforce and included a customized training program that could be used for literacy development. In 2001, the state began the Supplemental Workforce Fund for Basic Skills (SWFBS) as part of a statewide effort to promote literacy development in the workplace. "Literacy Skills Grants" are awarded through the

Department of Labor's Division of Workforce Grant and Program Management. The monthly application process allows grantees to apply when funds are needed. Grants extend for one year and are open to employers or consortia of employers, employer and labor organizations, and community based organizations (CBOs). Award amounts are based on the number of employees in a company, with a \$350,000 maximum.

Training contractors must be on the state's WIA-approved provider list. They play a critical role in helping the state promote the literacy grants to employers. Training can include ESL, basic reading, math, writing, and a range of computer skills. To focus funding on basic skills development, computer skills training is limited to 30 percent of the award. The required 50 percent match ensures employer commitment to the training. As an incentive to participate, workers are paid while they are in class, and their wages can be part of the employer match. Grantees are asked to report on outcomes such as average wages, number of trainees, and job titles associated with the training. However, the data (collected online) is used primarily to monitor grants rather than evaluate program results.

A number of community colleges have been participating in the Literacy Skills Grants programs, and the state estimates that \$1.1 million will be available to a consortium of New Jersey community colleges to provide customized workplace literacy programs for employers. This is a promising extension of the state's commitment to build the basic skills of workers and could be an important step in connecting workers to career pathways in the colleges.

New Jersey has made a solid investment to support the basic skills development of incumbent workers. However, at the end of the 2011 fiscal year only \$1.5 million dollars of the Literacy Skills Grant allocation for employer sponsored training had been spent, excluding the community college allocation. The special award to community colleges certainly helps broaden the reach of the Literacy Skills Grants, but more can be done to ensure that employers and their workers can take advantage of the available funding. The state recognizes the

need to help employers understand the value of basic skills training so they can quantify their return on investment. The state also believes that it might be helpful to study the investments and outcomes more closely in order to build a stronger foundation for marketing the benefits to employers and their workers.

New Jersey hopes to extend funding to more employers by connecting the Literacy Skills Grants to Talent Networks, a related initiative launched by the Department of Labor and Workforce Development. Talent Networks coordinate critical industry sectors such as advanced manufacturing, financial services, health care, transportation, technology, and life sciences to build pipelines of skilled workers in these high-demand occupations. The networks are important because they bring together employers, the workforce system, and educational institutions to help prepare workers for emerging jobs. Building the basic skills of incumbent workers is expected to be a critical addition to the Talent Networks initiative.

MASSACHUSETTS LEARN AT WORK PROGRAM

Massachusetts has a history of funding workforce education programs involving inter-agency partnerships. A workplace literacy program was initiated in 1986 by the Department of Employment Training, Department of Labor and Department of Education. This program was funded for a number of years, in addition to efforts of the individual agencies. In 2008, the Department of Elementary and Secondary Education (DESE) and the Executive Office of Labor and Workforce Development (EOLWD) joined forces to explore ways the two departments could work together to support ABE and ESL programs in the workplace.

The result was the Learn at Work program, developed by a committee of practitioners and staffed by both agencies and the Commonwealth Corporation (a quasi-public organization within the EOLWD). The committee issued a Request for Proposals at the end of 2009 to "provide incumbent workers with the basic skills (academic) required to pursue careers in high wage/high demand occupations, and provide businesses with workers who can better contribute to the businesses' productivity, performance, or competitiveness."

Administered by the Commonwealth Corporation in partnership with DESE, funding for the first round of the Learn at Work program was available to serve workers 16 years and older who did not have a high school diploma, or who lacked the academic skills of a high school graduate, the English language skills needed to advance, or the literacy/numeracy skills to begin college level work. Eligible applicants were employers, non-profit educational institutions (including higher education, vocational/technical high schools and local educational agencies), Community Based Organizations (CBOs) and labor or labor-management organizations. In 2010, eleven projects were funded for a three-year period in a range of sectors, including health care, human services, manufacturing, retail, and transportation/warehousing. Grants required a 50 percent employer match that could include cash, in kind, paid release time, paid stipends, or other project support. Employee release time was not required, but strongly preferred.

While the Massachusetts Learn at Work initiative is in the early stages of implementation, it incorporates several significant components that will be interesting to watch. For example, basic skills, ESL and computer literacy must be contextualized to the workplace. Furthermore, funds can be used to develop new curriculum to ensure the needs of employers and workers are addressed. To promote participant persistence and completion of classes, the coordination of support services is an allowable expenditure. Child care and transportation may also be provided if grantees demonstrate the need.

Employers, labor unions and education providers partner in the Learn at Work initiative to improve workplace operations and enable workers to advance. For example, in a large bakery in Lynn, Massachusetts, more than 80 percent of the employees do not have adequate English language skills. The initiative offers employees paid release time to participate in English classes so they can improve their workplace communication and increase the company's job retention, production efficiency, and safety. At a grocery store distribution center in Dartmouth, Massachusetts, employees are offered classes in English for Speakers of Other

Increasing Language Skills in Massachusetts:

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Languages (ESOL) and GED preparation to help them attain the basic skills of a high school graduate. Classes have a contextualized curriculum and incorporate industry and union-specific knowledge, as well as teamwork, communication, critical thinking, and problem solving. Employers report the value of these programs in improving company processes as well as the work climate.

Massachusetts also allows grantees to create "bridge" programs to college through the Learn at Work grants—an important strategy to help workers access postsecondary education. Grantees must have a program coordination team comprised of individuals from employers and partnering organizations who have decision-making authority to plan and evaluate the program. Program evaluation requirements include measuring learning gains through pre- and post-testing, obtaining participant and employer satisfaction/feedback, and determining business impact.

CALIFORNIA EMPLOYMENT TRAINING PANEL (ETP)

In 1982 a large number of workers were being displaced from plant closures. The ETP was created to move them into other jobs quickly or avoid the layoffs altogether. Today the ETP is a statewide business-labor training and economic development program that funds training to support the creation

and retention of high-wage, high-skilled jobs in industries with the highest potential to positively impact California's economy.

Based on the premise that corporate training funds typically allocate small percentages of funds for frontline workers, ETP primarily funds training for these workers. To demonstrate employer commitment, the state requires a minimum of one dollar of private money for every ETP training dollar. ETP's performance-based contracting policy requires that participants work at least 90 days after training, in a training related job and at a required wage. This helps ensure that the state's investment will have a positive impact on the economy. ETP reports that according to independent evaluations, "California experiences a \$5 return on investment for every \$1 spent on training, as measured by benefits to companies, and the state's economy."³²

Using the California Employment Training Program to Increase Skills and Comply with FDA Regulations:

A Los Angeles-based health food and supplement manufacturer/packaging company used the ETP fund to upgrade the math, reading, and English skills of frontline workers, many of whom did not have high school diplomas. The company's expanded production and packaging operations involved adherence to new FDA regulations, requiring workers to improve basic skills so they could read complicated over-the-counter drug labels or document production and packaging activities.

In its contracts, California allows up to 45 percent of the total training hours for literacy and basic skills instruction. More importantly, training is targeted for frontline workers with multiple barriers to employment such as those moving from welfare to work or living in areas of high unemployment. The majority of literacy training in 2009-10 was for frontline manufacturing workers, many whom lived in high unemployment areas. Literacy components were included in 43 training contracts with approximately 8,330 participants.

Employers have used the ETP fund to help workers improve their English language and basic skills to increase proficiency on the job. For example, a paint materials manufacturer in Southern California offered vocational English skills training to second language learners to strengthen communication skills related to production and lab work. A Los Angeles-based health food and supplement manufacturer/packaging company used the ETP fund to upgrade the math, reading, and English skills of frontline workers, many of whom did not have high school diplomas. The company's expanded production and packaging operations involved adherence to new FDA regulations, requiring workers to improve basic skills so they could read complicated over-the-counter drug labels or document production and packaging activities.³³

ETP's policy is to access employers by working closely with state and local public agencies and other training partners, thus expanding the agency's marketing capacity. The state injected some muscle into this policy by emphasizing the use of Career Technical Education (CTE) and related programs—including pre-apprenticeship training—to meet the growing demand for employment in occupations such as health care and the trades. In 2009-10, ETP approved over \$2.1 million for CTE related projects that enrolled 1,927 workers. This kind of support can help to foster connections to postsecondary education for low-wage, low-skilled individuals.

ARKANSAS WAGE™ PROGRAM

A somewhat different approach to workplace education has been developed through the

Arkansas Adult Education Division, Department of Career Education. WAGE™ was an outgrowth of a 1992 workplace education program with a cosmetics firm. It is designed to serve low-skilled individuals who want to retain or advance in employment or obtain a GED or state issued certificate in employability, industrial, bank teller, clerical or customer service. The program is designed to serve both unemployed and incumbent workers. Employers who use WAGE™ as a pipeline for hiring entry-level workers are required to give participants special consideration in the hiring process. Some employers require the WAGE™ certificate for employment or give signing bonuses to those who have earned them.

Training often takes place at state certified WAGE™ centers housed at community colleges or public schools. Still, the state requires employers to be involved by helping to identify the basic skills needed for training through a literacy task analysis process and by serving on local WAGE™ advisory committees. Although the state does not require employers to match funding, some employers provide release time when training is offered for incumbent workers. In 2010-11, 1,787 students participated in WAGE™. Over 700 certificates were awarded and completers increased their salary by 15 percent on average. Employers represent a range of sizes in industries such as manufacturing, retail, hotel, food service, banks, and staffing agencies.

WAGE™ may be an important approach to consider for states that need the flexibility to offer training to both unemployed and incumbent workers. Arkansas' articulated standards for achieving the WAGE™ certificate are fairly high. Students must pass the WAGE™ test at 100 percent competency; score at the 12.9 grade level on the Test for Adult Basic Education (TABE) in reading, math, and language (for most certificates); complete 12 hours of employability training; and pass a computer literacy test. Standards such as these help employers know that individuals who attained the certificates are likely to have the skills they need. WAGE™ also has the potential to help connect individuals to career pathways at postsecondary education since several of the WAGE™ centers are located at community colleges.

ADDRESSING WORKPLACE EDUCATION CHALLENGES

Although the need for workplace education programs is clear, states have faced challenges in fully utilizing available resources. The biggest challenges have been in getting employers to participate and in fostering partnerships between employers and providers to develop and undertake programs.

Kentucky is one state that has experienced difficulty and a couple of its programs are no longer operating. While the state's department of adult education funds workplace education programs with WIA Title II funds, they have eliminated the GED Employee Tuition Discounts and Employer Tax Credits programs due to poor employer participation. A state official attributes this to several possible factors: being required to give employees time off, employers being more interested in soft-skills development than basic skills development, and the tax credit being insufficient incentive considering the effort involved to get it.

As mentioned above, *New Jersey* used only \$1.5 million dollars of its allocation for employer-sponsored Literacy Skills Grants in 2010. In *California*, although a substantial number of employers are participating, only about 10 percent of the approved contracts during 2009 to 2011 included basic skills or ESL instruction for participants; this percentage could change as the contracts are completed. *Massachusetts* also reports that program staff market another funding source for incumbent worker training—the Workforce Training Fund—to ensure that businesses know it may be utilized for basic skills training. Despite underutilization, these states have adopted some important policies that support their commitment to building basic skills for incumbent workers.

One way to strengthen employer buy-in is to develop sector strategies or industry partnerships. Working with employer groups provides a vehicle for direct employer engagement in developing training focused on high-demand occupations. Many states support industry-specific incumbent worker training programs; however, too few of these include basic skills training.

Pennsylvania's Industry Partnerships program, established in 2005 and funded through the General Assembly, is an example of what can be done to foster employer engagement. The program funds partnerships that bring together the business community, the workforce development system, and the education system. The long-term goal is to create an infrastructure for employer-led training and education that enhances the skills of unemployed and incumbent workers and helps them meet career goals; helps businesses address skills shortages and increase revenue; and boosts the state's economic development. The program is designed to encourage companies to work within and across an industry to address common human resources challenges. Funds can be used to recruit new workers, retain incumbent workers, improve productivity, enable entry-level workers to advance to higher wage jobs, and develop new industry credentials.

The state also gives priority to projects that help low-wage workers, particularly current or former TANF clients, advance into better paying jobs and careers. While basic skills development is not a centerpiece of the initiative, it is allowable if it results in helping participants develop higher-level skills or advance in their careers. One local WIB director, who has been involved in the Industry Partnerships since the beginning, indicated that participating employers recognize the need for raising the basic skill levels of entry-level workers. Thus, employers build basic skills instruction into occupational skills training offered in that local area.

Partnerships seeking funds must provide a private sector match for training at a one-to-one ratio, of which 25 percent of matching funds must be cash and not leveraged from other state grants. Sources of non-cash matching funds may include paid release time for workers. To help the state leverage limited resources and achieve economies of scale, companies are encouraged to aggregate needs so training can be provided more efficiently and cost-effectively. Also, to ensure that services are not duplicated, Industry Partnership funds cannot be spent on training that can be supported through WIA, TANF or other customized training programs.

Building Basic Skills Instruction into Occupational Training in Pennsylvania:

One local WIB director, who has been involved in the Industry Partnerships since the beginning, indicated that participating employers recognize the need for raising the basic skill levels of entry-level workers. Thus, employers build basic skills instruction into occupational skills training offered in that local area.

Employers have used Industry Partnerships funds to incorporate basic skills or English language development into their occupational skills training.³⁴ For example, in 2009, over 40 companies participated in the Metal Manufacturers' Training Consortium in Lancaster and Berks counties. Its purpose was to address labor shortages caused by supervisor retirements, basic skills needs of entry-level workers, and the influx of new technology into their operations. The Food Manufacturing Industry Partnership, based in Montgomery County and the Lehigh Valley, focused on workers with language barriers. This partnership developed workplace Spanish programs for supervisors and workplace English programs for workers to help bridge language gaps and improve operational efficiency.

Engaging employers in basic skills training is essential to effective workplace education programs. Employers tend to value programs that yield higher skilled workers, increased productivity and enhanced retention and advancement³⁵ and that help fill high-demand jobs. For such programs to succeed, it is important to provide sufficient release time for workers and adjust worker and production schedules to manage any disruption due to workplace training.³⁶

CONCLUSIONS AND RECOMMENDATIONS

Prior to the Great Recession, the U.S. was falling behind other industrialized nations in educational attainment, workforce competitiveness, and overall economic well-being. As many have predicted, the country is now further behind. There is a well-documented need to invest in the skills of low-wage incumbent workers so they can attain higher paying jobs and access postsecondary education. However, in order to advance, many low-wage workers must first build their basic skills. Evidence suggests that positive outcomes for both employers and workers result from workplace education programs that help individuals develop basic skills connected to their actual or future jobs.

A few states have recognized the importance of such programs and made sustained investments for several decades, despite continued federal and state cuts in funding. While some of these states experience challenges getting employers and providers to apply for the funding, workplace education remains an important strategy for developing the skills of low-wage workers and should be considered by other states as part of their overall workforce development strategy.

States can support workplace education with WIA Title I and II funds, state general funds, and unemployment insurance surcharges, or combinations of these funding streams. Because of limited resources and the fact workplace training is the only option for many low-income workers, states must build partnerships with employers to help address current and future skills shortages. States with existing incumbent worker training programs also need to make basic skills and literacy training an eligible activity and earmark funding explicitly for this purpose. Specific recommendations to promote statewide workplace education programs include:

- ♦ Measure performance, outcomes, and value. Improving systems for collecting data about program outcomes is essential to demonstrate their value to both employers and employees. Although each state requires grantees to provide some data about their efforts, few report the return on investment.

Massachusetts' requirement to evaluate learning gains, employer and employee satisfaction, and business impact is promising, especially if the data can be used to determine the benefits of the Learn at Work program. Outcome measures for workplace education programs could include: eligibility for advanced training; positive employer feedback in areas such as customer service, accuracy of work, and productivity gains; enhanced employee retention; reduced absenteeism; increased promotions; increased ability to implement new technologies; improved safety record; acquisition of GED certificates or other recognized occupational certificates; enhanced language skills for English learners; transition into postsecondary or technical education programs; and mastery of basic workplace skills.

- ♦ Ensure coordination among stakeholders. Involving multiple partners in workplace education is necessary to building stakeholder commitment and delivering services effectively. One method to advance coordination is by using memoranda of understanding as a basis for institutionalizing statewide workforce education services for employers and their incumbent workers. Essential partners would include employers and employer associations, workforce development boards and organizations, economic development agencies, adult education agencies and providers, and postsecondary institutions.
- ♦ Market workplace education programs more aggressively. Investing in strategies to market workplace education programs to both employers and employees is critical. Several states are experiencing difficulty spending funds for workforce education. To help increase business participation, programs can identify industry leaders, enlist the support of providers, and arm them with concrete information about the availability of funds, how they can be secured and used, and potential benefits.

- ♦ Incent employer and employee participation. States can also increase participation by providing incentives to employers who participate in workplace education programs and financial assistance to workers to complete training. Of course incentives must be sufficient to warrant employer participation and employers must know that incentives are available and how to access them. It is equally critical that the requirements to access incentives are not burdensome.
- ♦ Utilize sectoral training programs. Infusing workplace education strategies into existing industry partnership and sector training programs, including those housed in economic development agencies, can help ensure that industries with high demand and projected vacancies are able to provide basic skills training so more incumbent workers can advance.
- ♦ Strengthen connections to postsecondary education. Each of the states highlighted has mechanisms to link workplace education programs to training available at postsecondary institutions. To help workers access additional training opportunities, states can develop more intentional transitional strategies and promote them through partnerships between providers in the workforce system and employers.
- ♦ Increase opportunities to attain credentials. Another way to increase the advancement opportunities for the working poor is to design programs linked to advanced training and career ladders. Links could include providing learning credits for workplace education that lead to industry-recognized credentials and certificates.
- ♦ Dedicate funding to strengthen workplace education programs. In an effort to give more attention to workplace education, states need stand-alone programs with a specific mission of engaging employers in basic skills and literacy work. As noted above, funds can be used from numerous sources to finance such programs and can be blended from multiple supporters.

RECOMMENDATIONS FOR PROMOTING STATEWIDE WORKPLACE EDUCATION PROGRAMS

- ♦ Measure performance, outcomes, and value.
- ♦ Ensure coordination among stakeholders.
- ♦ Market workplace education programs more aggressively.
- ♦ Incent employer and employee participation.
- ♦ Utilize sectoral training programs.
- ♦ Strengthen connections to postsecondary education.
- ♦ Increase opportunities to attain credentials.
- ♦ Dedicate funding to strengthen workplace education programs.

Although workplace education programs to upgrade the basic skills, literacy and English language skills of workers can be challenging, they represent an important approach for improving worker skills. Such efforts can play a critical role in helping to address skills shortages faced by industries with retiring employees, changing technologies, or increasing numbers of immigrant workers. The need for public and private sectors to come together to build the skills of our nation's workforce is considerable. Instituting workplace education programs is an important strategy that warrants more attention and support among all states.

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ENDNOTES

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